



5010 E. Idaho Street, Elko, NV 89801 | Phone: (775) 738-9871 | Fax: (775) 738-7865

July 13, 2012

Mr. Shawn Gooch

**NEVADA DIVISION OF ENVIRONMENTAL PROTECTION  
BUREAU OF MINING REGULATION**

901 So. Stewart Street

Suite 4001

Carson City, Nevada 89701-5249

Dear Shawn;

THANK YOU for your request for current rental rates and associated costs for 2012. Listed below are the machines you requested information for.

MACHINE	DAILY RATE	WEEKLY RATE	MONTHLY RATE 176 SMU HRS	PM COST PER HOUR	G.E.T. COST PER HOUR	FUEL USE PER HOUR
<b>TRACTORS</b>						
D3K	\$375.00	\$1,485.00	\$4,395.00	\$3.11	\$1.37	3.25
D4K/G	\$375.00	\$1,485.00	\$4,395.00	\$4.95	\$1.62	2.3
D5K/G	\$520.00	\$2,025.00	\$5,935.00	\$5.36	\$2.99	2.4
D5N	\$655.00	\$2,255.00	\$6,595.00	\$5.86	\$2.99	4
D6K/N	\$600.00	\$2,400.00	\$7,200.00	\$5.75	\$3.61	4.75
D6T	\$700.00	\$3600.00	\$10,800.00	\$5.21	\$4.46	6.7
D7E	\$1,000.00	\$4,000.00	\$16,000.00	\$5.99	\$6.62	6.35
D8T	\$1,500.00	\$6,000.00	\$18,000.00	\$5.61	\$8.56	10.2
D9T	\$2000.00	\$7300.00	\$21,900.00	\$9.93	\$13.31	13.15
D10T	\$2,500.00	\$9850.00	\$29,500.00	\$9.15	\$18.63	18.5
D11T	NA	NA	\$52,000.00	\$11.87	\$27.69	25.8
<b>EXCAVATORS</b>						
301C	\$150.00	\$570.00	\$1,725.00	\$1.87	\$2.46	.41
302C	\$160.00	\$630.00	\$1,880.00	\$2.02	\$2.61	.55
303D	\$230.00	\$865.00	\$2,565.00	\$2.24	\$2.71	.18
304D	\$285.00	\$1,055.00	\$3,190.00	\$2.29	\$2.75	.24
305D	\$310.00	\$1,125.00	\$3,555.00	\$2.25	\$2.85	.28
307D	\$325.00	\$1,280.00	\$3,775.00	\$2.96	\$2.88	1.15
308D	\$330.00	\$1,320.00	\$3,960.00	\$2.49	\$2.99	1.15
314D	\$460.00	\$1,600.00	\$4,800.00	\$3.85	\$3.63	2.5
315D	\$475.00	\$1,975.00	\$5,925.00	\$4.73	\$3.80	3.15
320D	\$525.00	\$2,215.00	\$7,240.00	\$4.96	\$4.04	4.0
325D	\$700.00	\$2,700.00	\$8,100.00	\$5.18	\$5.09	7.10
330D	\$720.00	\$3,100.00	\$9,200.00	\$5.39	\$5.62	9.10
345DL	\$900.00	\$3,600.00	\$10,800.00	\$6.56	\$6.44	10.05
385C	\$1,850.00	\$7,400.00	\$22,200.00	\$7.31	\$11.73	12.8

<b>SCRAPERS</b>				<b>PM</b>	<b>GET</b>	<b>FUEL</b>
613C	\$750.00	\$3,000.00	\$9,000.00	\$5.49	\$3.96	6.00
615C	\$1,100.00	\$4,400.00	\$12,600.00	\$5.96	\$5.27	8.75
631G	\$2,000.00	\$8,000.00	\$23,400.00	\$7.55	\$7.31	14.75
637G	NA	NA	\$33,490.00	\$10.87	\$9.19	22.2
<b>WATER WAGON</b>						
613 (5,000 GAL)	\$850.00	\$3,400.00	\$9,500.00	\$5.49	NA	10.75
621 (8,000GAL)	\$1,250.00	\$5,000.00	\$15,000.00	\$6.54	NA	11.40
<b>WATER TOWER</b>						
MPT-10 (10k GAL)	\$125.00	\$450.00	\$1,300.00	NA	NA	NA
MPT-12 (12k GAL)	\$150.00	\$600.00	\$1,600.00	NA	NA	NA
<b>OFF-HWY TRUCK</b>						
770G (35-TON)	NA	NA	\$15,100.00	\$7.24	\$2.91	8.5
773G (50-TON)	NA	NA	\$20,500.00	\$6.73	\$3.48	13.4
777G (100-TON)	NA	NA	\$35,000.00	\$10.72	\$3.89	17.3
<b>LDR/BACKHOE</b>						
420	\$340.00	\$1,255.00	\$3,045.00	\$3.55	\$3.11	4.2
430	\$365.00	\$1,305.00	\$3,295.00	\$3.55	\$3.21	4.45
450	\$445.00	\$1,735.00	\$5,245.00	\$3.70	\$3.29	4.70
<b>COMPACTORS</b>						
815	\$980.00	\$3,920.00	\$11,770.00	\$5.77	\$7.25	10.25
825	\$1,125.00	\$4,500.00	\$16,800.00	\$6.02	\$8.85	16.00
<b>HAMMERS</b>						
H-70 (fits 416/436)	\$265.00	\$1,020.00	\$2,270.00	N/A	\$2.32	NA
H-100 (fits 446/315)	\$355.00	\$1,420.00	\$4,260.00	N/A	\$3.67	NA
H-115 (fits 312/320)	\$485.00	\$1,940.00	\$5,990.00	N/A	\$4.54	NA
H-120 (fits 315/325)	\$500.00	\$2,000.00	\$6,000.00	N/A	\$5.11	NA
H-140 (fits 325/345)	\$600.00	\$2,400.00	\$7,200.00	N/A	\$7.11	NA
H-160 (fits 330/345)	\$700.00	\$2,800.00	\$8,400.00	N/A	\$9.96	NA
H-180 (fits 345/385)	\$1,000.00	\$4,000.00	\$12,000.00	N/A	\$11.80	NA

**INTEGRATED  
TOOL CARRIERS**

				<u>PM</u>	<u>GET</u>	<u>FUEL</u>
IT-28	\$495.00	\$1,900.00	\$5,750.00	\$4.98	\$3.93	3.50
IT-38H	\$525.00	\$2,365.00	\$6,445.00	\$5.08	\$4.81	2.35
IT-62H	\$750.00	\$2,900.00	\$8,700.00	\$5.34	\$9.19	3.60

**MOTORGRADERS**

140M	\$700.00	\$2,800.00	\$8,400.00	\$5.18	\$9.21	4.90
14M	\$1200.00	\$4,800.00	\$14,400.00	\$6.08	\$13.30	6.80
16M	\$2,195.00	\$6,270.00	\$19,000.00	\$4.94	\$18.18	8.80

**WHEEL  
LOADERS**

904	\$270.00	\$800.00	\$2,390.00	\$4.45	\$3.09	1.91
924	\$405.00	\$1,535.00	\$4,615.00	\$4.08	\$3.84	1.80
928	\$465.00	\$1,755.00	\$5,495.00	\$3.95	\$3.97	1.90
938	\$535.00	\$2,035.00	\$5,995.00	\$3.97	\$4.88	2.35
950	\$650.00	\$2,600.00	\$7,600.00	\$4.71	\$7.39	3.50
962	\$800.00	\$2,900.00	\$8,700.00	\$5.40	\$9.28	3.60
966	\$950.00	\$3,700.00	\$10,900.00	\$6.60	\$9.28	4.00
980	\$1,100.00	\$4,400.00	\$13,000.00	\$6.72	\$11.73	6.15
988	\$1,800.00	\$7,200.00	\$21,600.00	\$9.17	\$12.57	12.25
992	NA	NA	\$65,000.00	\$11.50	\$29.74	23.00

**TRACK LOADER**

973	\$1,290.00	\$5,425.00	\$15,500.00	\$5.20	\$6.99	8.75
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**ARTICULATED  
TRUCK**

735	\$1,000.00	\$4,000.00	\$12,000.00	\$6.77	\$2.76	7.15
740	\$1,200.00	\$4,800.00	\$14,400.00	\$6.77	\$2.86	7.75

The 'NA' listed indicate these machines are not typically rented for these periods of time by **CASHMAN EQUIPMENT**.

The rental costs shown were obtained from **CASHMAN EQUIPMENT'S** current rental rate schedule; the PM costs were obtained from **CASHMAN EQUIPMENT** historical data; the G.E.T. consumption was obtained from **CATERPILLAR** historical data and the Fuel Consumption was obtained from the current **CATERPILLAR PERFORMANCE HANDBOOK (Edition 42)** and the previous edition 41, Owning & Operating Costs, Section 20, using the 'average' or 'medium' consumption levels for the most current models. Fuel burn rates are expressed in gallons per hour.

Additionally, the following should be noted: 1) All machines are subject to availability and F.O.B. **CASHMAN EQUIPMENT** yard(s); 2) Any necessary assembly and disassembly costs are not included (specifically, the D10R/T, D9R/T, 988G/H, 992K, 777F and 385B/C-L); 3) Major repairs to engines, transmissions, torque converters, wheel groups and differentials is included in rental cost (unless caused by abuse, negligence, etc.); 4) Expenses incurred in the day to day operations of the machine (fuel, operator, insurance, etc.) are not included in the rental rates.

Approximate assembly and disassembly costs for the machine will vary due to the Minesite location and the availability of cranes and/or lifting equipment; however, reasonable estimates for the D10R/T would be \$2,750.00, each the assembly and disassembly; 992G-\$15,000; 777F-\$15,000.00 and the 385-\$9,500.00. Specific assembly/disassembly costs also may be more or less if the machines do not have to have significant assembly/disassembly to transport. The transport costs can vary due to the time of year (frost limitations) and the specific roadway (width, height, length and weight restrictions). That in mind, the rates shown should cover the maximum amounts needed for each machine, each procedure.

Some machines have been removed from the rental schedule due to a low utilization and/or it is a discontinued model. Where practical, a replacement model has been included.

In summary, we have seen an increase in labor & parts costs, as well as some demand issues influencing rates, both positively and negatively. Tier 4 emissions while adding a significant cost to a machine, has, in some cases, improved fuel economy (wheel loaders and excavators).

Last, **CASHMAN EQUIPMENT** can offer these rental rates to any Federal, State or Local governmental agency, as well as to any credit-worthy customer within **CASHMAN EQUIPMENT'S** franchised territory in Nevada.

Thank you, again, Shawn, for your request. Should you need any additional information, please feel free to give me a call!

With Best Regard  
**CASHMAN EQUIPMENT,**



Tony Araquistain  
Mine Sales Rep

## Shawn Gooch

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**From:** Matt Johnson <Matt.Johnson@purcelltire.com>  
**Sent:** Monday, July 09, 2012 2:32 PM  
**To:** Shawn Gooch  
**Subject:** FW: SRCE 2011 Purcell Tires.xls  
**Attachments:** SRCE 2011 Purcell Tires.xls

Here is the updated spread sheet. Let me know if you have any questions.

Matt Johnson  
Vice President of Global Mining



Global Mining Group  
1505 Newlands Drive East  
Fernley, NV 89408  
(775) 575-3321 (o)  
(775) 848-9850 (m)  
(775) 575-3329 (f)  
[matt.johnson@purcelltire.com](mailto:matt.johnson@purcelltire.com)

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**From:** Rebecca Walunas  
**Sent:** Monday, July 09, 2012 2:31 PM  
**To:** Matt Johnson  
**Subject:** SRCE 2011 Purcell Tires.xls

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This e-mail and any files transmitted with it are the property of Purcell Tire & Rubber, are confidential, and are intended solely for the use of the individual or entity to whom this e-mail is addressed.

**Purcell Tire and Rubber Co. 2012 Quote**

Equipment	Tire Size	# of Tires Per Piece of Equipment	July 2012 Cost Per Tire	Tire Cost (1)(2)	Life Expectency Hours (Low/Zone A) <sup>(3)</sup>	Tire Cost per Hour
<b>Motor Graders</b>						
140H	17.5R25	6	\$ 5,512.41	\$ 33,074.49	3,500	\$9.45
14H	20.5R25	6	\$ 6,165.81	\$ 36,994.89	3,500	\$10.57
16H	23.5R25	6	\$ 7,419.03	\$ 44,514.17	3,500	\$12.72
<b>Trucks</b>						
Dump Truck (10-12 yd <sup>3</sup> )	11R24.5	10	\$ 968.00	\$ 9,680.00	1,500	\$6.45
725	23.5R25	6	\$ 7,419.03	\$ 44,514.17	5,500	\$8.09
740	29.5R25	6	\$ 14,753.36	\$ 88,520.14	5,500	\$16.09
769D	18.00R33	6	\$ 7,807.96	\$ 46,847.74	6,000	\$7.81
773E	24.00R35	6	\$ 13,128.50	\$ 78,771.00	6,000	\$13.13
777D	27.00R49	6	\$ 16,414.51	\$ 98,487.09	5,000	\$19.70
<b>Scrapers</b>						
613C	18.00R25	4	\$ 5,839.11	\$ 23,356.46	4,000	\$5.84
615C	26.5R25	4	\$ 7,491.63	\$ 29,966.51	4,000	\$7.49
631G	37.25R35	4	\$ 16,729.11	\$ 66,916.46	4,000	\$16.73
637G PP	37.25R35	4	\$ 16,729.11	\$ 66,916.46	4,000	\$16.73
<b>Wheeled Loaders</b>						
914G	17.5R25	4	\$ 5,510.69	\$ 22,042.74	4,500	\$4.90
924G	17.5R25	4	\$ 5,510.69	\$ 22,042.74	4,500	\$4.90
928G	17.5R25	4	\$ 5,510.69	\$ 22,042.74	4,500	\$4.90
938G	20.5R25	4	\$ 6,165.81	\$ 24,663.26	4,500	\$5.48
950G	23.5R25	4	\$ 7,419.03	\$ 29,676.11	4,500	\$6.59
962G	23.5R25	4	\$ 7,419.03	\$ 29,676.11	4,500	\$6.59
966G	26.5R25	4	\$ 11,624.64	\$ 46,498.57	4,500	\$10.33
972G	26.5R25	4	\$ 11,624.64	\$ 46,498.57	4,500	\$10.33
980G	29.5R25	4	\$ 14,753.36	\$ 59,013.43	4,500	\$13.11
988G	35/65-33	4	\$ 19,693.61	\$ 78,774.46	4,500	\$17.51
992G	45/65R45	4	\$ 39,345.74	\$ 157,382.97	4,500	\$34.97
<b>Backhoes</b>						
				<b>FRONTS</b>		
416D 4WD	340/80R18-195LR24	2	\$ 662.04	\$ 1,324.09	3,000	\$0.44
420D 4WD	340/80R18-195LR24	2	\$ 662.04	\$ 1,324.09	3,000	\$0.44
430D 4WD	340/80R18-195LR24	2	\$ 662.04	\$ 1,324.09	3,000	\$0.44
446D 4WD	15R19.5-21LR24	2	\$ 442.51	\$ 885.03	3,000	\$0.30
				<b>REARS</b>		
		2	\$ 1,306.80	\$ 2,613.60	3,000	\$0.87
		2	\$ 1,306.80	\$ 2,613.60	3,000	\$0.87
		2	\$ 1,306.80	\$ 2,613.60	3,000	\$0.87
		2	\$ 910.96	\$ 1,821.91	3,000	\$0.61
<b>Other Equipment</b>						
Supervisor's Truck (Pickup)		4	\$ -	\$ -		
613E (5,000 gal) Water Wagon	23.5R25	4	\$ 4,800.24	\$ 19,200.97	6,000	\$3.20
621E (8,000 gal) Water Wagon	33.25R29	4	\$ 12,647.96	\$ 50,591.83	8,000	\$6.32

Notes:

1) Total cost for all required tires.

2) Source: Purcell Tire &amp; Rubber Company 07/09/2012

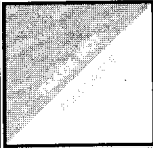
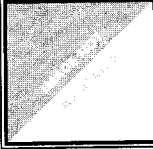

3) Caterpillar Handbook, Edition 34; Estimated Tire Life Curves Ch. 20

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## My List

You can easily create a list of your favorite products to purchase at your local branch. Simply add the products you want as you browse the online catalog, and when you're finished, print the list to take with you. Or, create a pdf of the list and email it to your sales person. Products added to your list will be saved as long as you have cookies enabled. Once you delete any temporary files, history or cookies, products from your list will be removed.

Your list contains: 3 Items

	Product Code	Description	List Price
	B201102	50# 3/8 Chunk Bentonite Hole Plug	call store (why?) * \$ 7.25 ea
	B100013692	94 LB Bag Type I-II Cement	call store (why?) * \$ 32.00 ea
	<del>WBEM</del>	<del>Enviroplug - Medium Bentonite</del>	call store (why?) * X

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(build 2.8 served at om)

\* Phone Call w/ Patty w/ Wimmerman 775-625-2500 June 29, 2012

X Note: Bentonite is no longer used in Nevada

SKG

*Specializing in Soil, Hazardous Waste and Water Analysis.*

May 31st, 2012

To: Nevada Division of Environmental Protection (NDEP)  
Bureau of Land Management (BLM)  
Nevada Mining Association

Re: Analytical cost in the event of Bond Forfeiture.

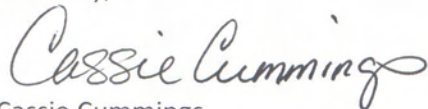
To whom it may concern,

Below please find pricing for the analytical work required in the event of a bond forfeiture. These prices will remain valid through July 2013.

NDEP Profile I (including WAD Cyanide).....	\$325.00
NDEP Profile II (including WAD Cyanide).....	\$375.00
WAD Cyanide .....	\$50.00
Acid Based Accounting (includes sulfur speciation) ....	\$150.00
MWMP Extraction (including Profile I analysis).....	\$395.00

Thank you for the opportunity to present this information. If you should have any questions or require additional information, please do not hesitate to contact us.

Sincerely,



Cassie Cummings  
Office Manager  
Western Environmental Testing Laboratory  
EPA Lab ID NV00925

---

**SPARKS**

475 E. Greg Street, Suite 119  
Sparks, Nevada 89431  
tel (775) 355-0202  
fax (775) 355-0817

**ELKO**

1084 Lamoille Hwy.  
Elko, Nevada 89801  
tel (775) 777-9933  
fax (775) 777-9933

**LAS VEGAS**

3230 Polaris Ave., Suite 4  
Las Vegas, Nevada 89102  
tel (702) 475-8899  
fax (702) 776-6152



**Shawn Gooch**

---

**From:** Bill Agnew <bill@graniteseed.com>  
**Sent:** Wednesday, June 15, 2011 11:53 AM  
**To:** Shawn Gooch  
**Subject:** RE: Nevada Standardized Reclamation Cost Estimator (SRCE) 2011 Erosion Control and Planting Aide Costs  
**Attachments:** image001.png; image003.jpg

Shawn

For bonding purposes I would use the same dollar values as provided to you last year.

Bill Agnew  
Granite Seed and Erosion Control  
801-768-4422 (phone)  
801-768-3967 (fax)

---

**From:** Shawn Gooch [mailto:sgooch@ndep.nv.gov]  
**Sent:** Tuesday, June 14, 2011 2:38 PM  
**To:** Bill Agnew  
**Cc:** Bruce Holmgren; Paul Comba; Doug Siple (dsiple@blm.gov); Stewart Grange (sgrange@blm.gov)  
**Subject:** Nevada Standardized Reclamation Cost Estimator (SRCE) 2011 Erosion Control and Planting Aide Costs

Bill,

Last year Granite Seed kindly provided the BLM and BMRR with the attached quote in response to our request for Bonding Prices for Erosion Control and Planting Aides.

Thank you for your assistance.

As you know, each year we ask Granite Seed to provide us an update of Bonding Prices for Erosion Control and Planting Aides to input into the Nevada Standardized Reclamation Cost Estimator (SRCE). SRCE costs are updated every year and need to be posted on the NDEP website by August 1; therefore we would like to receive the updated rates and associated costs from you in letter format by the end of June if possible.

Thank you in advance for your assistance once again in updating the 2011 SRCE costs.

Sincerely,

-Shawn Gooch



**Shawn K. Gooch, P.E.**  
Civil Engineer

Nevada Division of Environmental Protection  
Bureau of Mining Regulation and Reclamation  
901 South Stewart Street, Suite 4001  
Carson City, Nevada 89701

## Shawn Gooch

---

**From:** Bill Agnew <bill@graniteseed.com>  
**Sent:** Thursday, May 24, 2012 1:32 PM  
**To:** Shawn Gooch  
**Subject:** RE: Nevada Standardized Reclamation Cost Estimator (SRCE) 2012 Erosion Control and Planting Aide Costs

Shawn

The mulch, tackifier and sustane pricing are still the same as previous.

Bill Agnew  
Granite Seed and Erosion Control  
1697 West 2100 North  
Lehi, UT 84043  
801-768-4422 (phone)  
801-768-3967 (fax)

---

**From:** Shawn Gooch [<mailto:sgooch@ndep.nv.gov>]  
**Sent:** Thursday, May 24, 2012 11:57 AM  
**To:** Bill Agnew  
**Cc:** 'Douglas\_Siple@blm.gov' ([Douglas\\_Siple@blm.gov](mailto:Douglas_Siple@blm.gov)); Bruce Holmgren; Paul Comba  
**Subject:** Nevada Standardized Reclamation Cost Estimator (SRCE) 2012 Erosion Control and Planting Aide Costs

Bill,

Last year Granite Seed kindly provided the BLM and BMRR with the attached quote in response to our request for Bonding Prices for Erosion Control and Planting Aides.

Thank you for your assistance.

As you know, each year we ask Granite Seed to provide us an update of Bonding Prices for Erosion Control and Planting Aides to input into the Nevada Standardized Reclamation Cost Estimator (SRCE). SRCE costs are updated every year and need to be posted on the NDEP website by August 1; therefore we would like to receive the updated rates and associated costs from you in letter format by the end of June if possible.

Thank you in advance for your assistance once again in updating the 2012 SRCE costs.

Sincerely,

-Shawn Gooch



**Shawn K. Gooch, P.E.**  
Civil Engineer

**Shawn Gooch**

---

**From:** Bill Agnew [bill@graniteseed.com]  
**Sent:** Thursday, July 01, 2010 3:43 PM  
**To:** Shawn Gooch  
**Subject:** RE: 2010 SRCE Cost Data Update  
**Attachments:** image001.png

Shawn:

Find the following pricing for erosion and sediment control products used for bonding purposes by BLM an BMRR

Item	Price/Unit
Conwed 1000 mulch (based on truckload quantities = 22 tons)	\$ 510.00/ton (\$ 12.75/bag)
M-binder tackifier (based on minimum pallet order = 2,000 #'s)	\$ 0.70/#
Sustain (4-6-4) or Biosol mix (7-2-3) fertilizer (based on minimum pallet order = 2,000 #'s (Sustain) or 2,200 #'s (Biosol mix)	\$ 0.70/#

If you have questions or need additional information, please let me know.

Bill Agnew  
Granite Seed and Erosion Control

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July 19, 2012

Mr. Tim Crowley  
President  
Nevada Mining Association  
201 West Liberty Street, Suite 300  
Reno, NV 89501

Re: Electric Power Costs – Updated Information

Dear Tim:

This letter provides information regarding power costs that may be helpful to members of Nevada's mining industry when estimating future costs for reclamation related activities. The information is presented in a summarized form, i.e., in terms of cents per kilowatt-hour by rate class and as a result, will have to be adjusted by each company to accurately reflect their own unique operations.

In 2010, the Public Utilities Commission of Nevada (PUCN) authorized a change in NV Energy's rates through its Order on the Company's General Rate Application that was filed on June 1, 2010. The change in rates resulting from this decision went into effect on January 1, 2011.

The table below shows the "average overall effective electric rates" per kilowatt hour (kWh) for the GS-3 and GS-4 rate classes (which cover most mining operations).

<b><i>Rate Class</i></b>	<b><i>New Authorized Effective Rates</i></b>
GS-3	\$0.08586
GS-4	\$0.06661

As shown below, the "New Authorized Effective Rates" were calculated by dividing total revenues by total kWh sales from July 2011 to June 2012 for each Rate Class. The resulting calculation provides an "average" effective rate for each rate class.

New Authorized Effective Rates

**GS-3** - \$95,865,163.74 (revenues) ÷ 1,116,579,210 (kWh sales) = **\$0.08586/kwh**

**GS-4** - \$26,625,999.24 (revenues) ÷ 399,755,318 (kWh sales) = **\$0.06661/kwh**

An individual customer can take the results shown above and, as appropriate, modify the “average” effective rate to estimate a rate per kWh that more accurately reflects their specific operations, energy usage and load characteristics.

Please note the “new authorized effective rates” reported above for the purposes of estimating reclamation costs do not take into account future changes in rates that may be authorized through the Deferred Energy Accounting Adjustment (DEAA) process, or through the quarterly Base Tariff Energy Rate (BTER) adjustment mechanism.

The deferred account exists to record differences between the actual costs incurred by the utility for fuel and purchased power and the revenues it receives from customers through the rates they pay for fuel and purchased power costs. Since such differences can be either positive or negative, and since prices paid for fuel and purchased power can be volatile, it is very difficult to predict the level of this charge out into the future, beyond what has already been formally approved and authorized by the PUCN. DEAA filings are made each year on or before March 1 with approved changes becoming effective October 1.

With respect to DEAA adjustments, in addition to the mandatory annual filing, public utilities in the State of Nevada are required to adjust rates on a quarterly basis to account for changes in their recorded costs of fuel and purchased power. This means the quarterly BTER filings will be made by NV Energy on August 15, November 15, March 15 and June 15 of each year and any resulting changes in rates will be implemented 45 days after the date of filing.

In general, other than the quarterly adjustments discussed above, changes in rates or tariffs as a result of an Order by the Commission on a General Rate Application or a Deferred Energy Filing normally go into effect approximately seven months or 210 days after the date of the initial filing.

Given the potential for future changes in energy markets, regulatory environments, labor agreements, general business conditions, etc., predicting the future level and direction of electric rates and other costs involved in reclamation activities can be difficult. As a result, individual companies will want to take the information provided in this letter and modify it to incorporate their own projections regarding the potential impacts of inflation, local site-specific conditions, and changes in local business on future reclamation costs.

Regarding the cost of removing power lines that are no longer required at the end of a mining property’s life, estimates will vary significantly depending on location, terrain, travel time, equipment needed, etc. In addition, removal may not be necessary or beneficial if the lines have the potential to be used at some point in the future to provide electric service to other customers.

In those cases where removal is determined to be appropriate, costs can vary greatly with the type of line to be removed and the terrain involved, with costs ranging between \$25,000 and \$50,000 per mile. This would cover removal of the lines, poles and associated fixtures. However, it would not cover any reclamation or environmental costs. This estimate is based on current labor (wages and benefits) contained in Sierra’s agreements with its represented employees. Such compensation has historically equaled or exceeded the prevailing wage and benefit requirements established under both the Davis-Bacon Act and the prevailing wage laws in the State of Nevada, and it is anticipated this relationship will continue in the future.

If you have questions regarding the above information, please give me a call at (775) 834-5248.

Thank you,



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